

## **MCDA Board Meeting Minutes**

Minutes of Marlborough Community Development Authority

Regular Meeting – Thursday, October 24<sup>th</sup>, 2019

Meeting Opened: 8:46 a.m. | Meeting Closed: 9:55 a.m.

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### **Attendance of Regular October 24<sup>th</sup>, 2019 MCDA Board Meeting**

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| 1. Mayor/Chair Arthur G. Vigeant  | 2. Paul Sliney (Tenant Representative)                |
| 3. Stefanie Ferrecchia (Real Estate Rep.)   | 4. Renee Perdicaro (Regular Member) ( <b>ABSENT</b> ) |
| 5. David Morticelli (Fin. Rep)  | 6. Joshua Daigle (Regular Member)                     |
| 7. Vonnie Morris, MCDA Employee   | 8. Chad Carter, MCDA Employee                         |
| 9. Diane Smith, (City Auditor) – Non-Voting Member                                |   |
| 10. Brian Doheny, (City Comptroller/Treas.) – Non-Voting Member ( <b>ABSENT</b> ) |   |
| 11. Paul Pavia, CPA, Fenton, Ewald & Associates                                   |   |

### **Summary of Motions**

#### **General**

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| 1. Paul Pavia, CPA – Fiscal Year 2020 Budget                               |            |
| 2. Motion to Approve Minutes for August 22 <sup>nd</sup> , 2019 Meeting    | (Approved) |
| 3. Motion to Approve Payables for All Programs – August & September - FY20 | (Approved) |
| 4. Monthly report from MCDA Executive Director                             |            |
| 5. Motion to approve Executive Directors Contract                          | (Approved) |

#### **Housing**

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| 1. Motion to Approve Mark's Movers as the moving company for FISH #170060 Pleasant Street Modernization Project. | (Tabled) |
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#### **Community Development Authority**

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The Board Meeting took place on the fourth floor at City Hall in the Mayor's Conference room on Thursday, October 24<sup>th</sup>, 2019 with the meeting starting at 8:46 a.m.

Board member David Morticelli motioned to amend the minutes of July 25<sup>th</sup>, 2019 to add that he abstained from the approval of the payables. *The motion was made carried and approved with no abstentions, and the minutes have been amended.*

Paul Pavia, CPA, gave a brief intro on his background as a CPA, and thanked MCDA employees Vonnice Morris and Chad Carter for their hard work. He began his analysis of the FY2020 Budget on page 1. The expenses were based off last year. The projected reserves can be used in the future to fund non-routine expenses. DHCD policy is that reserves are to be above 35% to cover at least 6 months of expenses. The 4001 reserves are great. The other programs are left to fund themselves. The MCDA has had around 55% - 65% reserves the last few years. Section 8 reserves are at 44% and can be recaptured by HUD if they reach around 80% - 90%. 44% is considered a good range to not be recaptured and be able to use.

For MRVP, maintaining any reserves is great. The CDA was budgeted to break even. FY20 is budgeted for a surplus of \$51K not including non-routine. The 4001 is budgeted at the max ANNUAL. 4001 is seeing benefits of solar credits. A lot of solar companies are seeing transitions to new companies – MCDA is not the only housing authority going through this. The state increased the budget by 10% which is very high. Mayor Vigeant asked if he can reclass the surplus towards capital expenditures. Paul Pavia noted that that's what they are there for. He hopes the MCDA can use them on forecasted projects in the future.

The rental income is less than last year but remains very healthy. The MCDA received two (2) \$100K funding sources from the state – this was great to see and will go towards the Pleasant St. Project. There have been line items added for technology improvements and health and safety improvements up to \$45K.

The MCDA didn't receive subsidy because the expenses fell below the budget but was covered by the rental income. DHCD changed its policy from allowing HA's to only keep 75% of solar savings to 100% of solar savings. HUD releases admin fees at the beginning of the year but can change it going forward because of sequestering. If HUD needs the funding, they can grab excess funding and redistribute. MCDA needs to lease up to use all funding coming in. The CDA budget fluctuates every year and is hard to predict, but it is budgeted to break even. There are enough reserves to cover a loss. Employee benefits were budgeted too high last year. FY20 budget has been brought down, we are paying less to GIC than we were last year.

The Executive Director salary was budgeted conservatively at the max. Mayor Arthur Vigeant noted that the ED position is the only one that's capped at an amount and the rest are at 3%. Reorganization is allowed if the MCDA can absorb it. A line was added for executive salary to be approved by the board by November 15<sup>th</sup>. If it's not in by then, then the approval of the budget will be delayed. New employees were added for FY20 budget. DHCD will be notified that bookkeeping position has been changed and admin assistant is new. Maintenance saw a 5K increase from last year. The fluctuation of overtime due to turnover won't harm the MCDA. New benefits include Dental and Medicare – the MCDA will pay their share going forward. This is \$5K in dental and \$8.5K in Medicare.

An OPEB payment is not required. Mayor Vigeant asked if the OPEB payment can be increased. Paul Pavia stated that it's not good to overfund the OPEB because the market fluctuates. City Auditor Diane Smith added that it would nice to show that we are contributing something. Paul Pavia stated that most Authority's don't have the luxury to fund OPEB, but MCDA certainly can if they desire.

Paul Pavia continued. The reserves are so good that we can absorb the non-routine expenses. Mayor Vigeant asked MCDA Executive Director Vonnie Morris for a capital plan for this fiscal year. He would like to see reserves continue to build so the MCDA can use them towards the Pleasant St. project in the future – most likely FY21. Paul Pavia added that for any shortfalls the MCDA may be able to redistribute future CAP monies into current fiscal years, but if not, then reserves can always be used.

Board member Paul Sliney mentioned that he is missing some pages in the budget that Paul Pavia is referring to. Executive Director Vonnie Morris handed Paul her report which included the full budget and missing pages.

FY 19 saw net income of \$138K and was budgeted at a loss of \$58K. The worst-case scenario for FY20 is a surplus. City Auditor Diane Smith asked at what percentage of reserves do we need to start worrying for the 4001 program. Paul Pavia answered that DHCD hasn't been upset at a high reserve balance unless the conditions of the properties are very bad, and the Authority isn't using the reserves to fix them. The majority of Hosing Authorities are struggling and are below the DHCD policy of a minimum of 35% reserves. The MCDA is far and above that threshold and is budgeted to go down to 65%.

Mayor Vigeant asked if the 35% was 35% of 50% - therefore 17.5%. Paul Pavia noted that was correct. If the MCDA reserves get up to around 75%, then they will be allocated towards updating conditions of buildings.

Executive Director Vonnie Morris began with an update on completed and upcoming audits. The Facilities Conditions Audit has been completed and the MCDSA is hopeful that Main St. will be added to list of eligible properties to receive MODPHASE funding. The MCDA is awaiting the results of the Performance Management Review (PMR). The Agreed Upon Procedures (AUP) and Section 8 audits are scheduled to performed in conjunction on November 18<sup>th</sup> – 20<sup>th</sup>. Mayor Vigeant noted that he would like to see the results of the AUP and Section 8 by the end of the year. Executive Director Vonnie Morris continued – the MCDA is issuing more vouchers with preference to Marlboro residents and veterans. The MCDA is also awaiting on the official report of the SEMAP. The vacancy reports need to be updated – the MCDA is waiting to fill vacancies. Work Orders for September 2019 have been completed.

MCDA employees Krishonna and Chad Carter found tenants that owe back rent and have signed them to repayment agreements.

FISH #170060 – Pleasant Street Project is waiting on DHCD to accept the 100% Construction Documents. The envelope project at Pleasant St. is already out to bid. It is looking like the file sub-bidder vote will need to be approved at the next meeting. MCDA contractor Jen Sleeper solicited four (4) quotes from moving companies. Mark Movers has been selected as the next lowest bidder after the lowest was removed as un-responsible. Jen attached a recommendation letter. Board member Paul Sliney noted that he has used Mark's Movers in the past and liked

them. Board member Paul Sliney motioned to approve Mark's Movers as the moving company for FISH #170060 Pleasant Street Modernization Project. ***The motion was made carried and approved. Board member David Morticelli abstained.***

Board member Stefanie Ferrecchia asked if there was a bed bug policy. Executive Director Vonnie Morris noted that this issue has been brought up to multiple tenant association meetings and notices have been sent to all tenants urging them not to bring in old or used furniture. Yet some tenants continue to, and bed bugs are found in routine inspections.

MCDA Chad Carter gave an update on the following: Net Metering, Housing Rehabilitation Program, Devens & McEnelly Infrastructure Project and Substance Abuse Prevention Program (SAPP).

Board member Stefanie Ferrecchia motioned to approve Payables for All Programs – August & September - FY20. ***The motion was made carried and approved. Board member David Morticelli abstained.***

Mayor Vigeant asked to obtain a motion for approval of the Executive Directors Contract – which is similar to the previous Executive Directors contract. Board member Paul Sliney motioned to approve the Executive Directors contract. ***The motion was made carried and approved with no abstentions.***

Board member Paul Sliney motioned to adjourn. ***The motion was made carried and approved with no abstentions.***

Meeting Closed: 9:55am